

Mr Thurston:-

This letter is a perfect
straw man to be knocked to
bits by our position on S 409
as opposed to R. F. C and our
complaint or rather protest
against excessive Housing loans.
Also our philosophy of saving
instead of going into debt. We
also opposed several fair
credit expansion ideas.
Quite easy my dear
Mr Eaton

RM

Mr. Evans

comes like your
address on
replying to this
one -

EF



No. 7633

THE FIRST NATIONAL BANK

F. P. SWAN, PRES.
BERT HARRIS, V. PRES.
E. DOUTHIT, V. PRES.
H. W. COURTNEY, CASHIER
W. TUCKER, JR., ASST. CASHIER

CAPITAL & SURPLUS
\$80,000.00

KONAWA, OKLAHOMA

December 19, 1947.

Mr. Marriner S. Eccles, Chairman
Board of Governors, of the
Federal Reserve System
Washington, D.C.

Dear Mr. Eccles:

I have read with very much interest, your statement, "Before the Banking and Currency Committee of the House of Representatives", in Washington, in regard to inflationary conditions in our United States. I think your report is very timely, but while you are trying to restrict banks a little closer, and increase their reserve with the Federal Reserve Bank, I don't see where this is quite fair to banks, and at the same time the Congress of the United States, appropriate each year, considerable more money for lending agencies of the Government to go in competition with the banks, and lend a great deal more on the same security as banks would lend, and expect to hold down inflationary prices.

For instance, we have customers whom we offer to loan 40% and 50% of the present value of their livestock, who don't accept the loan, and go right over to a Government Agency, and borrow 100% on the value of their livestock, at a much cheaper rate.

Now, it just don't make sense to me, to require us to place more idle funds with the Federal Reserve Bank, and limit our loans to eligible Federal Reserve Bank Discount requirements, and then use that same idle money through the Government Lending Agencies to loan without any restrictions whatever, with the same people we are trying to loan to, on an eligible note basis. I believe if you will read your bank examiner's reports, you will find the banks are pretty well in line on lending their money on a safe basis.



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I don't see how we can expect to hold down inflation, so long as this condition exists, and if the banks are not allowed to loan on a safe basis, and at the same time, pile their reserves up in the Federal Reserve Bank, It seems to me there should be some restrictions on the competitive Government Lending Agencies.

Would like to hear from you along this line, Mr. Eccles, as I have never seen any of the higher authorities, suggest to the Congress, that this condition be remedied.

Yours very truly,
Bert Harris
Bert Harris,
Vice-President.

BH: amc

December 30, 1947.

Mr. Bert Harris, Vice President,
The First National Bank,
Konawa, Oklahoma.

Dear Mr. Harris:

On behalf of Mr. Eccles, who is spending the holidays in Utah, let me thank you for your letter of December 19 and your comments. You may not have seen the ~~statement~~ which Mr. Eccles presented with regard to the inflationary housing loans stimulated by the Government and I am, therefore, enclosing a copy.

As you may be aware, the Board has on a number of occasions emphatically stated its opposition to competitive Government agencies. It is for this reason that the Board recommended to Congress that its direct lending powers under section 13b of the Federal Reserve Act should be replaced by authority to guarantee in part loans by banks, particularly the smaller banks serving the smaller business and agricultural enterprises.

Sincerely yours,

Elliott Thurston,
Assistant to the Chairman.

Enclosure

ET:b